

SENATE, No. 2047

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MARCH 3, 2022

Sponsored by:

Senator NILSA I. CRUZ-PEREZ

District 5 (Camden and Gloucester)

SYNOPSIS

Provides assistance to business accelerators and incubators and startup businesses located within those business accelerators and incubators.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning assistance to business accelerators and
2 incubators and to startup businesses located within those
3 business accelerators and incubators, supplementing P.L.1974,
4 c.80 (C.34:1B-1 et seq.), Title 54 of the Revised Statutes, and
5 Title 54A of the New Jersey Statutes, and amending P.L.1997,
6 c.349.

7
8 **BE IT ENACTED** by the Senate and General Assembly of the State
9 of New Jersey:

10
11 1. (New section) As used in P.L. , c. (C.) (pending
12 before the Legislature as this bill):

13 “Accelerator business” means a corporation, partnership, limited
14 liability company, or sole proprietorship, located within the
15 confines of a business accelerator, that is supported by private
16 sources of capital, including, but not limited to, private equity,
17 angel investment, or venture capital that:

18 a. is in the earliest formative stage of development;

19 b. is engaged in the design, development, and introduction of
20 new biotechnology, information technology, logistics technology,
21 re-manufacturing, advanced materials, processing engineering or
22 electronic device technology products, or innovative manufacturing
23 processes; and

24 c. meets any other requirements for an accelerator business as
25 the authority shall develop as determined by the authority.

26 “Advanced computing,” “advanced materials,” “information
27 technology,” and “life sciences” shall have the same meaning as
28 provided in section 2 of P.L.1997, c.349 (C.54:10A-5.29).

29 “Advanced technology center” means programs or departments
30 at the State’s public and private institutions of higher education
31 which are provided financial support from those institutions of
32 higher education to promote innovative technology research
33 including those established pursuant to law, including, but not
34 limited to, P.L.1985, c.102 (C.52:9X-1 et seq.), P.L.1985, c.103
35 (C.18A:64J-1 et seq.), P.L.1985, c.104 (C.18A:64J-8 et seq.),
36 P.L.1985, c.105 (C.18A:64J-15 et seq.), and P.L.1985, c.106
37 (C.18A:64J-22 et seq.).

38 “Angel investment” means the non-refundable transfer of cash to
39 an incubator business by an established business that is not a related
40 person of the incubator business, the transfer of which is in
41 connection with either:

42 a. a transaction in exchange for stock, interests in partnerships
43 or joint ventures, exclusive or non-exclusive licenses, rights to use
44 technology, marketing rights, warrants, options, or any items
45 similar to those included herein, including but not limited to options
46 or rights to acquire any of the items included herein; or

47 b. a purchase, production, or research agreement.

EXPLANATION – Matter enclosed in bold-faced brackets **[thus]** in the above bill is
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 “Authority” means the New Jersey Economic Development
2 Authority established by section 4 of P.L.1974, c.80 (C.34:1B-4).

3 “Big data” shall have the same meaning as provided in section 1
4 of P.L.2014, c.33 (C.52:17C-3.4).

5 “Biotechnology,” “environmental technology,” “electronic
6 device technology,” and “medical device technology,” shall have
7 the same meaning as provided in section 2 of P.L.1996, c.26
8 (C.34:1B-125).

9 “Business accelerator” means a business development facility
10 that is located within an urban transit hub or within one mile of a
11 campus of a research institution that provides low-cost space and
12 technical assistance, for short-term occupancy, to an accelerator
13 business for a term of not more than six months. A “business
14 accelerator” may include, but shall not be limited to, an advanced
15 technology center or a technology extension service.

16 “Business incubator” means a business development facility that
17 is located within an urban transit hub or within one mile of a
18 campus of a research institution that provides low-cost space and
19 technical assistance, for short-term occupancy, to an incubator
20 business. A “business incubator” may include, but shall not be
21 limited to, an advanced technology center or a technology extension
22 service.

23 “Development program” means the “Startup Businesses in
24 Business Incubators Development Program” established pursuant to
25 section 2 of P.L. , c. (C.) (pending before the Legislature
26 as this bill).

27 “Eligible incubator business student hire” means an individual
28 employed by the taxpayer for consideration whose wages are
29 subject to withholding as provided in the "New Jersey Gross
30 Income Tax Act," N.J.S.54A:1-1 et seq., and who is enrolled full-
31 time in a science or technology business-related course of study at a
32 research institution or has successfully completed a science or
33 technology business-related course of study at a research institution
34 not more than 360 days prior to the date the individual is employed
35 by the taxpayer.

36 “Grant program” means the “Business Accelerator and Business
37 Incubator Network Grant Program” established pursuant to section
38 5 of P.L. , c. (C.) (pending before the Legislature as this
39 bill).

40 “Incubator business” means a corporation, partnership, limited
41 liability company, or sole proprietorship, located within the
42 confines of a business incubator, that is supported by private
43 sources of capital, including, but not limited to, private equity,
44 angel investment, or venture capital that:

45 a. is in a formative stage of development or has transferred
46 directly from a business accelerator;

47 b. is engaged in the design, development, and introduction of
48 new biotechnology, information technology, logistics technology,

1 re-manufacturing, advanced materials, processing engineering or
2 electronic device technology products, or innovative manufacturing
3 processes; and

4 c. meets any other requirements for an incubator business as
5 the authority shall develop as determined by the authority.

6 "New Jersey emerging technology business" shall have the same
7 meaning as provided in section 2 of P.L.1997, c.349 (C.54:10A-
8 5.29).

9 "Research institution" means an institution of higher education,
10 as that term is defined in section 2 of P.L.1977, c.123 (C.18A:68-
11 11.2), a research hospital, or any combination thereof.

12 "Secretary" means the Secretary of Higher Education appointed
13 pursuant to section 2 of P.L.2009, c.208 (C.18A:3B-47).

14 "Support services" means the provision of publicly or privately-
15 supported, low-cost, short-term occupancy, rental space and
16 technology extension services wherein financial and other types of
17 business or technical assistance is provided to an accelerator
18 business or incubator business by a business accelerator or
19 incubator.

20 "Technology extension service" means a program to accelerate
21 the application and transfer of technological innovation by the
22 research institutions to an accelerator business or incubator
23 business, specifically to work with the State's accelerator businesses
24 or incubator businesses to adapt these innovations to the
25 requirements of individual business operations.

26 "Urban transit hub" shall have the same meaning as provided in
27 section 2 of P.L.2007, c.346 (C.34:1B-208).

28

29 2. (New section) a. The authority, in consultation with the
30 Secretary of Higher Education, shall establish and administer the
31 "Startup Businesses in Business Incubators Development Program"
32 for the purpose of providing financial assistance and support
33 services, directly and through public-private partnerships with
34 business accelerators and business incubators, to:

35 (1) an accelerator business located within a business accelerator
36 that provides support services, mentoring, and physical space to the
37 accelerator business; or

38 (2) an incubator business located within a business incubator
39 that provides support services, guidance, physical space, access to
40 capital, and collaborative programming with a research institution,
41 including collaborations to accommodate eligible incubator
42 business student hires, to the incubator business.

43 b. The authority shall provide financial assistance to a business
44 accelerator or a business incubator in an amount that matches 20
45 percent of the amount of financial assistance and support services
46 provided by a research institution, up to a total of \$200,000, which
47 may be applied to any aspect of an accelerator business or an

1 incubator business operating within the business accelerator or
2 business incubator.

3 c. In order to be eligible for financial assistance from the
4 authority, in accordance with subsection b. of this section, a
5 business accelerator or a business incubator, at the time of jointly
6 submitting an application for development program eligibility, shall
7 provide proof that it provides business development facilities and
8 business development assistance to an accelerator business or an
9 incubator business operating in one of the following fields:

- 10 (1) clean energy or environmental technology;
- 11 (2) life sciences, biotechnology, or medical device technology;
- 12 (3) advanced materials, engineering, or manufacturing;
- 13 (4) supply chain, transportation, or logistics;
- 14 (5) big data, advanced computing, or digital technology;
- 15 (6) defense or homeland security; or
- 16 (7) food and agriculture.

17 d. (1) The authority and the secretary shall, as they deem
18 appropriate, promote and facilitate public-private partnerships
19 between accelerator and incubator businesses, business accelerators
20 and incubators, and research institutions.

21 (2) The authority and the secretary shall adopt rules and
22 regulations to promote and facilitate public-private partnerships and
23 to establish the parameters of public-private partnership agreements
24 necessary for an accelerator business or an incubator business to
25 qualify for tax credits pursuant to sections 7 or 8 of
26 P.L. , c. (C.) (pending before the Legislature as this bill).

27 (3) The rules and regulations shall include, but not be limited to,
28 the following elements of public-private partnership agreements:

29 (a) requirements and guidelines for use of the expertise and
30 research capabilities of research institutions by an accelerator
31 business or an incubator business;

32 (b) requirements and guidelines for licensing rights authorizing
33 a research institution to use research and technology produced by an
34 accelerator business or an incubator business under a public-private
35 partnership agreement;

36 (c) requirements and guidelines for incubator business
37 employment opportunities for students enrolled in science and
38 technology business programs at research institutions and eligible
39 incubator business student hires; and

40 (d) requirements and guidelines for incubator business
41 internships for students enrolled in science and technology business
42 programs at research institutions and eligible incubator business
43 student hires.

44 e. An accelerator business or an incubator business shall not
45 qualify for tax credits pursuant to sections 7 or 8 of
46 P.L. , c. (C.) (pending before the Legislature as this bill)
47 unless the agreement complies with the requirements and guidelines
48 of paragraph (3) of subsection d. of this section.

1 3. (New section) a. An accelerator business or an incubator
2 business seeking to participate in the development program shall,
3 jointly with a business accelerator or a business incubator, submit
4 an application in a form and manner as the authority shall require.
5 The application shall include information the authority determines
6 is necessary to administer the development program. An
7 accelerator business or an incubator business seeking to participate
8 in the development program shall, jointly with the hosting business
9 accelerator or business incubator, submit to the authority
10 documentation stating that participation in the development
11 program will be a contributing factor towards the financial success
12 of the accelerator business or incubator business.

13 b. The authority shall review and may approve an application
14 for the development program. The authority shall approve an
15 application for development program eligibility pursuant to an
16 agreement with an accelerator business or an incubator business and
17 the business accelerator or business incubator hosting the
18 accelerator business or incubator business subject to the submission
19 of proof by an approved development program applicant of the
20 expenditures contributing to the success of an accelerator business
21 or incubator business assisted by the business accelerator or
22 incubator. An applicant who fails to comply with an agreement, as
23 a condition of receiving financial assistance, shall repay any
24 financial assistance received and, if so determined by the authority,
25 shall pay a penalty not in excess of 10 percent of the amount of
26 financial assistance.

27
28 4. (New section) a. The authority shall establish and maintain
29 the “Startup Businesses in Business Incubators Development
30 Program” established pursuant to section 2 of P.L. , c. (C.)
31 (pending before the Legislature as this bill) with monies to be used
32 by the authority for the purposes specified in P.L. , c. (C.)
33 (pending before the Legislature as this bill). Monies to be utilized
34 by the development program shall include, but not be limited to:

35 (1) monies as may be available to the authority from other
36 business development programs administered by the authority or
37 other State agencies or authorities, and which the authority
38 determines to be necessary in light of the volume of applications
39 from accelerator businesses and incubator businesses for eligibility
40 for the development program as necessary to implement the
41 purposes of P.L. , c. (C.) (pending before the Legislature as
42 this bill); and

43 (2) other monies as may be made available to the authority from
44 public or private sources.

45 b. Monies in the development program which are not allocated
46 for current responsibilities of the development program may be
47 invested by the authority in any direct obligations as to which
48 principal and interest are guaranteed by the United States of

1 America or any other obligation deemed appropriate by the
2 authority.

3

4 5. (New section) a. The authority shall establish and
5 administer the “Business Accelerator and Business Incubator
6 Network Grant Program” for the purpose of awarding grants to
7 business accelerators or business incubators, based upon a
8 competitive application and evaluation process.

9 b. In addition to the financial assistance provided pursuant to
10 subsection b. of section 2 of P.L. , c. (C.) (pending before
11 the Legislature as this bill), the authority shall annually,
12 commencing with the calendar year next beginning after the
13 effective date of P.L. , c. (C.) (pending before the
14 Legislature as this bill), and for the six subsequent calendar years,
15 provide 10 business accelerator and business incubator network
16 grants, equaling \$100,000 each, to business accelerators or business
17 incubators, which may be applied to:

18 (1) any aspect of the business accelerator or business incubator
19 that provides support to incubator businesses in the business
20 accelerator or business incubator as determined by the authority; or

21 (2) any aspect of an accelerator business or incubator business
22 operating within the business accelerator or business incubator.

23 c. In order to be eligible for a grant, a business accelerator or
24 business incubator at the time of application for program eligibility,
25 must qualify to receive financial assistance provided pursuant to
26 section subsection b. of section 2 of P.L. , c. (C.)
27 (pending before the Legislature as this bill).

28 d. A business accelerator or business incubator seeking to
29 participate in the grant program shall submit an application in a
30 form and manner as the authority shall require. The application
31 shall include information that the authority determines to be
32 necessary to evaluate applications and administer the grant
33 program.

34 e. The authority shall annually review and evaluate
35 applications for the grant program, and make award decisions upon
36 evaluating the:

37 (1) strength of a business accelerator’s or business incubator’s
38 partnerships with, and ability to foster, innovative accelerator
39 businesses or incubator businesses;

40 (2) strength of a business accelerator’s or business incubator’s
41 partnerships with a research institution;

42 (3) comprehensiveness of a business accelerator’s or business
43 incubator’s support services and technology extension services; and

44 (4) strength of the business accelerator’s or business incubator’s
45 partnerships with minority businesses and women’s businesses, as
46 those terms are defined in section 2 of P.L.1986, c.195 (52:27H-
47 21.18).

1 f. The authority shall issue payment of the grant amounts
2 pursuant to a grant agreement with a business accelerator or
3 business incubator as the authority may determine and shall subject
4 the approval of the agreement to the submission of proof by an
5 applicant of the expenditures contributing to the success of an
6 accelerator business or an incubator business assisted by the
7 business accelerator or business incubator. A grantee who fails to
8 comply with a grant agreement made as a condition of a grant
9 award shall repay any grant amount received and, if so determined
10 by the authority, shall pay a penalty not in excess of 10 percent of
11 the grant amount.

12 g. (1) The authority shall establish and maintain the grant
13 program with monies to be used by the authority for the purposes
14 specified in this section. Monies to be utilized by the development
15 program shall include, but not be limited to:

16 (a) monies as may be available to the authority from other
17 business development programs administered by the authority or
18 other State agencies or authorities, and which the authority
19 determines to be necessary in light of the volume of applications
20 from accelerator businesses and incubator businesses for eligibility
21 for the development program as necessary to implement the
22 purposes of P.L. , c. (C.) (pending before the Legislature as
23 this bill); and

24 (b) other monies as may be made available to the authority from
25 public or private sources.

26 (2) Monies in the grant program which are not allocated for
27 current responsibilities of the development program may be
28 invested by the authority in any direct obligations as to which
29 principal and interest are guaranteed by the United States of
30 America or any other obligation deemed appropriate by the
31 authority.

32
33 6. (New section) a. Within one year after the effective date of
34 P.L. , c. (C.) (pending before the Legislature as this bill) and
35 annually thereafter, the authority shall prepare a report on the
36 "Startup Businesses in Business Incubators Development Program"
37 and the "Business Accelerator and Business Incubator Network
38 Grant Program," and deliver the report to the Governor and,
39 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the
40 Legislature, and make the report available to the public on the
41 authority's Internet site. The report shall include the number,
42 names, and types of accelerator businesses and incubator businesses
43 and the names of the business accelerators and incubators
44 participating in the development program and the grant program,
45 the total amount of financial assistance provided to business
46 accelerator and business incubator, the amount of financial
47 assistance received per accelerator business or incubator business,
48 the cumulative total value of tax credits provided to taxpayers for

1 qualified investments in New Jersey emerging technology
2 businesses under section 3 of P.L.1997, c.349 (C.54:10A-5.30) that
3 are located in a business accelerator or a business incubator, and
4 any other information as the authority determines is necessary to
5 evaluate the progress of the development program.

6 b. In the sixth annual report submitted by the authority
7 pursuant to this section, the authority shall include a
8 recommendation to the Governor and the Legislature on whether to
9 renew or discontinue:

10 (1) the grant program enacted pursuant to section 5 of
11 P.L. , c. (C.) (pending before the Legislature as this bill);
12 and

13 (2) the tax credits enacted pursuant to sections 7 and 8 of
14 P.L. , c. (C.) (pending before the Legislature as this bill).
15

16 7. (New section) a. For the privilege period next beginning
17 after the effective date of P.L. , c. (C.) (pending before the
18 Legislature as this bill), and for the six subsequent privilege
19 periods, a taxpayer that is an accelerator business or incubator
20 business, as defined pursuant to section 1 of P.L. , c. (C.)
21 (pending before the Legislature as this bill), shall be allowed a
22 credit for the privilege period against the tax imposed pursuant to
23 section 5 of P.L.1945, c.162 (C.54:10A-5), in an amount equal to 15
24 percent of the taxpayer's business operating expenses during the
25 taxpayer's participation in the "Startup Businesses in Business
26 Incubators Development Program," as determined by the authority,
27 pursuant to P.L. , c. (C.) (pending before the Legislature as
28 this bill), that is allowed for the privilege period. A taxpayer may
29 carry forward an unused credit for use in the six privilege periods
30 following the privilege period for which the credit is allowed, if
31 necessary.

32 b. The order of priority of the application of the credit allowed
33 pursuant to this section and any other credits allowed by law shall
34 be prescribed by the director. The amount of the credit applied
35 under this section against the tax imposed pursuant to section 5 of
36 P.L.1945, c.162 (C.54:10A-5) for a privilege period, together with
37 any other credits allowed by law, shall not exceed 50 percent of the
38 tax liability otherwise due and shall not reduce the tax liability to an
39 amount less than the statutory minimum provided in subsection (e)
40 of section 5 of P.L.1945, c.162 (C.54:10A-5). An amount of
41 expense claimed as a credit pursuant to this section shall not be
42 allowed as an amount calculated or claimed pursuant to any other
43 credit against the tax imposed pursuant to section 5 of P.L.1945,
44 c.162 (C.54:10A-5).

45 c. If the amount of credit allowed pursuant to subsection a. of
46 this section for a privilege period, together with any other payments
47 or credits against the tax, reduces the tax liability otherwise due for
48 the privilege period to zero, the taxpayer may elect to claim the

1 total amount of the credit remaining as an overpayment for the
2 purposes of R.S.54:49-15 to be paid as a refund in an amount equal
3 to 50 percent of the total amount claimed, provided, however, that
4 section 7 of P.L.1992, c.175 (C.54:49-15.1) shall not apply.

5
6 8. (New section) a. For the taxable year next beginning after
7 the effective date of P.L. , c. (C.) (pending before the
8 Legislature as this bill), and for the six subsequent taxable years, a
9 taxpayer that is an accelerator business or incubator business, as
10 defined pursuant to section 1 of P.L. , c. (C.) (pending
11 before the Legislature as this bill), shall be allowed a credit for the
12 taxable year against the tax otherwise due for the taxable year
13 pursuant to the "New Jersey Gross Income Tax Act," N.J.S.54A:1-1
14 et seq., in an amount equal to 15 percent of the taxpayer's business
15 operating expenses during the taxpayer's participation in the
16 "Startup Businesses in Business Incubators Development Program,"
17 as determined by the authority, pursuant to P.L. , c. (C.)
18 (pending before the Legislature as this bill), that is allowed for the
19 taxable year. A taxpayer may, if necessary, carry forward an
20 unused credit for use in the six taxable years following the taxable
21 year for which the credit is allowed.

22 b. The order of priority of the application of the credit allowed
23 pursuant to this section and any other credits allowed by law shall
24 be prescribed by the director. The amount of the credit applied
25 under this section against the tax imposed pursuant to "New Jersey
26 Gross Income Tax Act," N.J.S.54A:1-1 et seq., for a taxable year
27 together with any other credits allowed by law, shall not exceed 50
28 percent of the tax liability otherwise due. An amount of expense
29 claimed as a credit pursuant to this section shall not be allowed as
30 an amount calculated or claimed pursuant to any other credit against
31 the tax imposed pursuant to "New Jersey Gross Income Tax Act,"
32 N.J.S.54A:1-1 et seq.

33 A business entity classified as a partnership for federal income
34 tax purposes shall not be allowed a credit directly under the gross
35 income tax, but the amount of the credit of a taxpayer in respect of
36 a distributive share of partnership income shall be determined by
37 allocating to the taxpayer that proportion of the credit acquired by
38 the partnership that is equal to the taxpayer's share, whether or not
39 distributed, of the total distributive income or gain of the
40 partnership for its taxable year ending within or with the taxpayer's
41 taxable year.

42 A New Jersey S Corporation shall not be allowed a credit
43 directly under the gross income tax, but the amount of the credit of
44 a taxpayer in respect of a pro rata share of S Corporation income
45 shall be determined by allocating to the taxpayer that proportion of
46 the credit acquired by the New Jersey S Corporation that is equal to
47 the taxpayer's share, whether or not distributed, of the total pro rata
48 share of S Corporation income of the New Jersey S Corporation for

1 its privilege period ending within or with the taxpayer's taxable
2 year.

3 c. If the amount of credit allowed pursuant to subsection a. of
4 this section for a taxable year, together with any other payments or
5 credits against the tax, reduces the tax liability otherwise due for the
6 taxable year to zero, the taxpayer may elect to claim the total
7 amount of the credit remaining as an overpayment of tax pursuant
8 to N.J.S.54A:9-7 to be paid as a refund in an amount equal to 50
9 percent of the total amount claimed; provided, however, that
10 subsection (f) of that section, concerning the allowance of interest,
11 shall not apply.

12

13 9. Section 3 of P.L.1997, c.349 (C.54:10A-5.30) is amended to
14 read as follows:

15 3. a. (1) A taxpayer, upon approval of the taxpayer's application
16 therefor by the New Jersey Economic Development Authority and
17 in consultation with the director, shall be allowed a credit against
18 the tax imposed pursuant to section 5 of P.L.1945, c.162
19 (C.54:10A-5), in an amount equal to 20 percent of the qualified
20 investment made by the taxpayer in a New Jersey emerging
21 technology business, in a New Jersey emerging technology business
22 holding company that makes a verified transfer of funds to a New
23 Jersey emerging technology business, or in a qualified venture fund;
24 provided, however, a taxpayer may be allowed a tax credit in an
25 amount equal to 25 percent of the qualified investment if the
26 taxpayer satisfies one of the requirements set forth in paragraph (2)
27 of this subsection. The value of tax credits allowed to a taxpayer
28 pursuant to this section shall not exceed \$500,000 for the privilege
29 period for each qualified investment made by the taxpayer.

30 (2) Subject to the limits established in paragraph (1) of this
31 subsection, the New Jersey Economic Development Authority, in
32 consultation with the director, shall increase the amount of a tax
33 credit allowed pursuant to this section by five percent if the
34 taxpayer makes a qualified investment in a New Jersey emerging
35 technology business, or in a New Jersey emerging technology
36 business holding company that makes a verified transfer of funds to
37 a New Jersey emerging technology business, or in a qualified
38 venture fund, if the New Jersey emerging technology business is
39 either located in a qualified opportunity zone pursuant to 26 U.S.C.
40 § 1400Z-1, or a low-income community as defined in subparagraph
41 (e) of 26 U.S.C. § 45D or

42 certified by the State as a minority business or a women's
43 business pursuant to P.L.1986, c.195 (C.52:27H-21.17 et seq.) and,
44 in the case of a qualified venture fund, if the qualified venture fund
45 commits by contract to invest 50 percent of its funds in diverse
46 entrepreneurs.

47 b. A credit shall not be allowed pursuant to section 1 of
48 P.L.1993, c.175 (C.54:10A-5.24), for expenses paid from funds for

1 which a credit is allowed, or which are includable in the calculation
2 of a credit allowed, under this section. Notwithstanding any other
3 provision of law, the order of priority in which the credit allowed
4 by this section and any other credits allowed by law may be taken
5 shall be as prescribed by the director.

6 c. Except as provided in subsection d. of this section, the
7 amount of credit otherwise allowable under this section which
8 cannot be applied for the privilege period against tax liability
9 otherwise due for that privilege period may either be carried over, if
10 necessary, to the 15 privilege periods following the privilege period
11 for which the credit was allowed or, at the election of the taxpayer,
12 be claimed as and treated as an overpayment for the purposes of
13 R.S.54:49-15, provided, however, that section 7 of P.L.1992, c.175
14 (C.54:49-15.1) shall not apply.

15 d. A taxpayer may not carry over any amount of credit allowed
16 under subsection a. of this section to a privilege period during
17 which a corporate acquisition with respect to which the taxpayer
18 was a target corporation occurred or during which the taxpayer was
19 a party to a merger or a consolidation, or to any subsequent
20 privilege period, if the credit was allowed for a privilege period
21 prior to the year of acquisition, merger or consolidation, except that
22 if in the case of a corporate merger or corporate consolidation the
23 taxpayer can demonstrate, through the submission of a copy of the
24 plan of merger or consolidation and such other evidence as may be
25 required by the director, the identity of the constituent corporation
26 which was the acquiring person, a credit allowed to the acquiring
27 person may be carried over by the taxpayer. As used in this
28 subsection, "acquiring person" means the constituent corporation
29 the stockholders of which own the largest proportion of the total
30 voting power in the surviving or consolidated corporation after the
31 merger or consolidation.

32 e. The Executive Director of the New Jersey Economic
33 Development Authority, in consultation with the director, shall
34 adopt, pursuant to the "Administrative Procedure Act," P.L.1968,
35 c.410 (C.52:14B-1 et seq.), rules and regulations that are necessary
36 to implement sections 1 through 3 of P.L.1997, c.349 (C.54:10A-
37 5.28 through C.54:10A-5.30) and section 4 of P.L.2013, c.14
38 (C.54A:4-13), including, but not limited to: examples of and the
39 determination of qualified investments of which applicants shall
40 provide documentation with their tax credit application; the
41 promulgation of procedures and forms necessary to apply for a
42 credit; provisions for recapture in the event a taxpayer receives a
43 credit on the basis of its commitment to transfer cash to a qualified
44 venture fund and it does not fund its commitment; and provisions
45 for credit applicants to be charged an initial application fee and
46 ongoing service fees to cover the administrative costs related to the
47 credit.

1 within an urban transit hub or within one mile of a research institution
2 campus. The EDA is to provide financial assistance to a business
3 accelerator or incubator in an amount that matches 20 percent of the
4 amount of funding provided by a research institution up to a total of
5 \$200,000, which may be applied to any aspect of an accelerator or
6 incubator business operating within the accelerator or incubator.

7 The bill requires that, in order to be eligible for financial assistance
8 from the EDA, an accelerator or incubator business at the time of
9 jointly submitting an application for program eligibility, operates in
10 one of several specified fields.

11 The bill requires the EDA and the secretary to promote and
12 facilitate public-private partnerships between businesses, accelerators
13 and incubators, and New Jersey research institutions through the
14 adoption of rules and regulations promoting and facilitating public-
15 private partnerships and to establish the parameters of public-private
16 partnership agreements.

17 An accelerator or incubator business seeking to participate in the
18 program is to submit an application jointly with an accelerator or
19 incubator in a form and manner as the EDA requires. The EDA is to
20 provide financial assistance to an accelerator or incubator pursuant to
21 an agreement. An applicant that fails to comply with the agreement
22 made as a condition of receiving financial assistance is to repay any
23 financial assistance received and, if determined by the EDA, is to pay
24 a penalty not in excess of 10 percent of the amount of financial
25 assistance.

26 The EDA is to establish and maintain the program with the
27 following sources of funds: (1) funds as may be available to the EDA
28 from other business development programs administered by the EDA
29 or other State agencies or authorities, and which the EDA determines
30 to be necessary in light of the volume of applications from accelerator
31 and incubator businesses for eligibility under the program as necessary
32 to implement the bill; and (2) other monies as may be made available
33 to the EDA from public or private sources.

34 The bill also requires the EDA to administer and establish a
35 "Business Accelerator and Business Incubator Network Grant
36 Program" to provide 10 grants annually, for seven years, to business
37 accelerators or business incubators, based upon a competitive
38 application and evaluation process. The grants provided under the
39 program are required to equal \$100,000 each. In order to be eligible
40 for a grant, a business accelerator or business incubator is required to
41 qualify to receive financial assistance under the "Startup Businesses in
42 Business Incubators Development Program." The bill requires the
43 EDA to evaluate applications for the grant program and make award
44 decisions upon evaluating the business accelerator's or business
45 incubator's partnerships with innovative businesses, partnerships with
46 a research institution, provision of support services and technology
47 extension services, and partnerships with minority businesses and
48 women's businesses. The EDA is required to fund the grant program

1 through monies as may be available to the EDA from other business
2 development and from other monies available to the EDA from public
3 or private sources.

4 The bill provides corporation business tax credits and gross income
5 tax credits, for seven tax periods, for accelerator and incubator
6 businesses participating in the development program. The credits are
7 equal to 15 percent of the cost of accelerator or incubator business
8 operating expenses during the business's participation in the program.
9 The taxpayer may carry unused tax credits forward, if necessary, for
10 seven tax periods or may file a petition for a refund equal to 50 percent
11 of the amount of an unused tax credit.

12 The bill also requires the Executive Director of the EDA to provide
13 at least \$5,000,000 in tax credits available under the "New Jersey
14 Angel Investor Tax Credit Act" to taxpayers for qualified investments
15 in New Jersey emerging technology businesses located in business
16 accelerators and business incubators over the period of the five fiscal
17 years next following the effective date of the bill.

18 The bill requires the EDA to prepare an annual report on the
19 program, deliver the report to the Governor and the Legislature, and
20 make the report available to the public on the authority's website. The
21 sixth annual report is required to recommend to the Governor and the
22 Legislature, whether the grant program, business tax credits, and gross
23 income tax credits should be renewed or discontinued.